



The Iowa Policy Project

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POLICY SNAPSHOT

Making Health Care Affordable

Dollars Don't Stretch Far Enough for Working, Uninsured Iowans

By Andrew Cannon

As Americans began to feel the squeeze of a contracting economy in 2008, health insurance premiums continued to rise – increasing by 5 percent.¹ The pressure of rising insurance costs is not a new experience for the American worker, though — premiums have more than doubled since 1999 while wages have increased by only 34 percent.² The majority of America's uninsured cannot stretch their earnings far enough to cover health insurance, but their low incomes are too high for public assistance.

Iowa has not been immune to this problem:

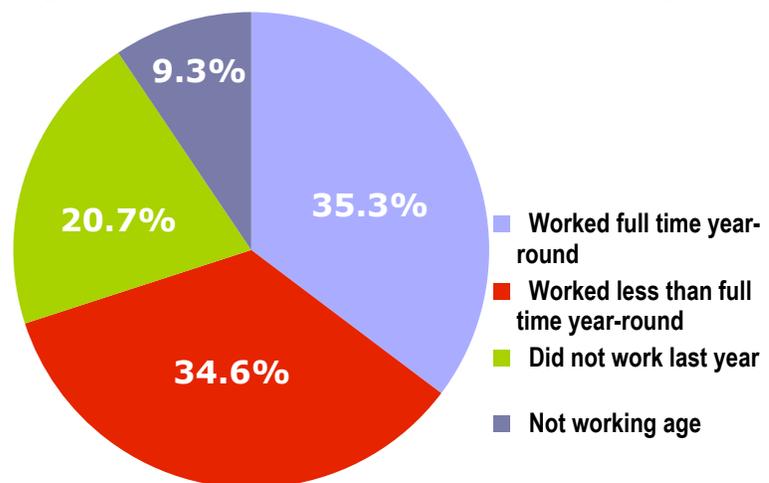
■ Some 300,000 Iowans lack health insurance – a number that is likely to rise as the state feels the effects of the recession.^{3,4}

■ Insurance premiums in Iowa rose by 77.9 percent from 2000 to 2006. Another study found that Iowans' wages increased by only 20.4 percent over the same period.⁵

■ The vast majority of uninsured Iowans (70 percent) worked in 2007, with 35 percent working full time for the entire year. (Figure 1)⁶

■ Enrolling in Medicaid in Iowa requires earnings of less than 71

Figure 1. Most Uninsured Iowans Worked During 2007



Source: Current Population Survey, Annual Social and Economic Supplement (2008)

Larraine Murray is one of 300,000 Iowans who lacked health insurance in 2007. An independent child care provider in Des Moines, Murray prays she doesn't get sick. Even a common illness could cost her hundreds of dollars in lost wages and doctor and prescription costs.

Murray's income exceeds the threshold to qualify for Medicaid, but is not enough to cover the cost of a private health insurance plan. But even if she could afford private health insurance, Murray fears she would be excluded from insurance based on her pre-existing conditions.

"It really saddens me," Murray said, "to be let down by a health care system over and over again (even though) I live in this great nation, in this great state of Iowa."

— Larraine Murray, personal correspondence (2009).

percent of the federal poverty level, or \$15,204 for a family of three.⁷ Some 113,000 uninsured Iowans have earnings between 100 and 200 percent of the poverty line. (Table 1)⁸

As Iowa's workers continue to feel the impacts of a struggling economy, insurance will become even more difficult to obtain.⁹ It is essential that policymakers take steps make sure that Iowans have access to affordable health-care options.

Table 1. Iowa's Uninsured by Income-to-Poverty Level Ratio

Income-to-Poverty Ratio in 2007	Insured (public or private insurance)		Uninsured	
	Total	%	Total	%
Below 100%	187,347	71.0%	76,462	29.0%
100 to below 200%	382,825	84.3%	71,478	15.7%
200 to below 300%	544,734	92.8%	42,143	7.2%
300 to below 400%	452,411	92.5%	36,917	7.5%
400% and above	1,122,617	95.9%	48,078	4.1%
Total	2,689,933	90.7%	275,078	9.3%

Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 2008.

Andrew Cannon is a research associate at the Iowa Policy Project, where he specializes in economic opportunity and budget and tax issues affecting Iowans.

¹ Kaiser Family Foundation, "Employer Health Benefits 2008 Annual Survey" (September 2008).

² "Employer Health Benefits Survey" (2008).

³ U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement (2008).

⁴ Timothy McBride and Leah Kemper, "Impact of the Recession on Rural America: Rising Unemployment Leading to More Uninsured in 2009," *Rural Policy Research Institute* (June 2009).

⁵ Families USA, "Paychecks versus Premiums: Iowa" (December 2006).

⁶ U.S. Census Bureau, op. cit.

⁷ The Lewin Group, "Costs and Coverage Impacts of Options for Expanding Health Insurance Coverage in Iowa" (August 2008).

⁸ U.S. Census Bureau, op. cit.

⁹ Timothy McBride and Leah Kemper, "Impact of the Recession on Rural America: Rising Unemployment Leading to More Uninsured," *Rural Policy Research Institute* (June 2009).

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Formed in 2001, the Iowa Policy Project is a nonpartisan, nonprofit organization based in Mount Vernon, with its principal office at 20 E. Market Street, Iowa City, IA 52245.

The Iowa Policy Project promotes public policy that fosters economic opportunity while safeguarding the health and well-being of Iowa's people and the environment. By providing a foundation of fact-based, objective research and engaging the public in an informed discussion of policy alternatives, IPP advances effective, accountable and fair government.

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